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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/781,310	02/13/2001	Joseph Breeden	P 272852	7942

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EXAMINER

COLBERT, ELLA

ART UNIT

PAPER NUMBER

3693

DATE MAILED: 08/14/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b> 09/781,310	<b>Applicant(s)</b> BREEDEN ET AL.	
	<b>Examiner</b> Ella Colbert	<b>Art Unit</b> 3693	

**-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --**

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE \_\_\_\_\_ MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 03 May 2006.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 67 and 88-103 is/are pending in the application.
- 4a) Of the above claim(s) 101-103 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 67 and 88-100 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |   |   |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)             | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)    | Paper No(s)/Mail Date. _____  |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date _____   | 6) <input type="checkbox"/> Other: _____                                    |

### **DETAILED ACTION**

1. Claims 67 and 88-103 are pending. Group I, Claims 67 and 88-100 have been elected for prosecution with out Traverse and Group II, Claims 101-103 have been withdrawn in Response to the Election/Restriction requirement filed 05/03/06.

#### ***Claim Objections***

2. Claim 91 is objected to under 37 CFR 1.75 as being a substantial duplicate of claim 93. When two claims in an application are duplicates or else are so close in content that they both cover the same thing, despite a slight difference in wording, it is proper after allowing one claim to object to the other as being a substantial duplicate of the allowed claim. See MPEP § 706.03(k).

#### ***Claim Rejections - 35 USC § 103***

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claim 67 and 88-100 rejected under 35 U.S.C. 103(a) as being unpatentable over (US 6,240,775) Freeman et al, hereafter Freeman in view of (US 6,233,566) Levine et al, hereafter Levine.

As per Claim 67, Freeman discloses, A method of processing performance data of past loan accounts and breaking down said performance data into component parts, the method comprising the steps of: (a) receiving vintage performance data of said past loan accounts (col. 3, lines 10-21- "summary of the invention"). Freeman did not

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disclose (b) decomposing or breaking down said vintage performance data of said past loan accounts by origination date or vintage factor, months on books or age factor and at least one exogenous factor, wherein steps (a) and (b) are performed by a processor.

Levine discloses (b) decomposing or breaking down said vintage performance data of said past loan accounts by origination date or vintage factor, months on books or age factor and at least one exogenous factor, wherein steps (a) and (b) are performed by a processor (col. 9, lines 40-49, col. 14, lines 32-41, figure 2B (244), figure 7, and Figure 24- shows date(s)). Freeman and Levine do not expressly disclose a processor.

However, Freeman does disclose "a general purpose programmable computer where the general purpose computer communicates with a local database which receives a wealth of statistical and specific information about various loans from diverse sources" and Levine does disclose an IBM or compatible PC workstation in col. 10, lines 47 and 48 which would be obvious to skilled artisan for the computer to have a processor because a Central Processing Unit (CPU) is a part of the computer where arithmetic and logical operations are performed and instructions are decoded and executed and the CPU controls the operation of the computer. The CPU is the "brains" of a computer.

It would have been obvious to one having ordinary skill in the art at the time the invention was made to decompose or break down the vintage performance data of the past loan accounts by origination date or vintage factor, months on books or age factor and at least one exogenous factor with steps (a) and (b) being performed by a processor and to modify in Freeman because such a modification would allow Freeman to have the capability to break down the past loan accounts according to the date and

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year of the origination and the time on the books to determine if the loan account has been paid in full or a foreclosure has resulted.

With respect to claim 88, Freeman discloses, The method as recited in claim 67, further including the step of modeling said exogenous factor performance data to compensate for one or more exogenous effects (col. 6, line 60- col. 8, line 11).

With respect to claim 89, Freeman teaches, The method as recited in claim 67, further including the step of modeling said exogenous factor performance data to compensate for seasonal effects (col. 8, lines 12-32, col. 12, line 59-col. 13, line 4, col. 15, lines 20-34 and lines 56-64, and figure 1A). Freeman does not expressly disclose seasonal effects. However, Freeman does disclose "unemployment" which is considered a seasonal effect. For example, more people are unemployed in the winter as opposed to the summer because people who work in construction work do not usually work during the winter.

With respect to claim 90, Freeman did not disclose, The method as recited in claim 67, further including the step of modeling said exogenous factor performance data to compensate for management actions. Official notice is taken that it is well-known that performance data compensates for management actions when in a model. It would have been obvious to one having ordinary skill in the art at the time the invention was made to model the exogenous factor performance data to compensate for management actions and to modify in Freeman because such a modification would allow Freeman to have the ability to forecast the performance of the data according to management's behavior. For example, management makes some unwise decisions that would affect

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the risk taken with a loan or loans and makes wrong predictions of the loans performance.

With respect to claim 91, Freeman did not disclose, The method as recited in claim 67, further including the step of modeling said exogenous factor performance data to compensate for competitive influences. Official notice is taken that this is well-known in the art for performance data to compensate for competitive influences. It would have been obvious to one having ordinary skill in the art at the time the invention was made to model the exogenous factor performance data to compensate for competitive influences and to modify in Freeman because such a modification would allow Freeman to adjust the matrix curve to compensate for the competitive influences and to predict the "roll-rate" forecast which provides the first component for the forecast and to receive an early warning sign of the performance data of the loans.

With respect to claim 92, Freeman did not expressly disclose, The method as recited in claim 67, further including the step of modeling said exogenous factor performance data to compensate for marketing campaigns. Official notice is taken that to have a marketing campaign is well-known in the art of processing of loans. It would have been obvious to one having ordinary skill in the art at the time the invention was made to model the exogenous factor performance data to compensate for marketing campaigns and to modify in Freeman because such a modification would allow Freeman to have to find a better suited offer for the loan portfolio though another bank or institution.

With respect to claim 93, this dependent claim is rejected for the similar rationale as given above for claim 91.

With respect to claim 94, Freeman discloses, The method as recited in claim 67, further including the step of modeling said exogenous factor performance data to compensate for economic conditions (col. 12, line 59- col. 13, line 4).

With respect to claim 95, Freeman discloses, The method as recited in claim 67, further including the step of modeling said exogenous factor performance data to compensate for at least one vintage factor (col. 7, lines 5-30).

With respect to claim 96, Freeman discloses, The method as recited in claim 88, further including the step of modeling said exogenous factor performance data to compensate for at least one exogenous factor (col. 7, lines 13-30).

With respect to claim 97, Freeman did not disclose, The method as recited in claim 95, further including the step of modeling said exogenous factor performance data to compensate for demographic factors. Official Notice is taken that it is well-known in the art that the exogenous performance data is compensated for by the demographic factors. It would have been obvious to one having ordinary skill in the art at the time the invention was made to have the modeling of the exogenous factor performance data to compensate for demographic factors and to modify in Freeman because such a modification would allow Freeman to be able to know the changes in the demographics which is a time varying factor that varies greatly over an annual interval and the system permits analysis based on the choice of an interval unit.

With respect to claim 98, this dependent claim is rejected for the similar rationale as given above for claim 96.

With respect to claim 99, Freeman discloses, The method as recited in claim 67, further including the step of modeling the future of at least one loan account defining a future performance model as a function of said performance based upon a predicted impact of said vintage factor and said at least one exogenous factor (col. 7, lines 13-19 and col. 12, lines 59-65).

With respect to claim 100, Freeman discloses The method as recited in claim 99, further including the step of forecasting the future performance of said at least one loan account based upon said future performance model (col. 8, lines 12-32).

### ***Response to Arguments***

5. Applicant's arguments filed 1/30/06 been fully considered but they are not persuasive.

Issue no. 1: Applicants' argue: it is respectfully submitted that in order for there to be anticipation, each and every one of the elements of the claim must be found in a single reference and it is respectfully submitted that claim 67 does not recite elements disclosed or suggested by the Freeman reference such as vintage performance data for a performance variable, such as loan performance is decomposed or disaggregated into a vintage factor, an age factor, and an exogenous factor, and decomposition or disaggregation of the vintage performance data has been considered but is not persuasive. Response: Claim 67 recites "receiving vintage performance data of said past loan accounts; and decomposing or breaking down said vintage performance data



of said past loan accounts by origination date or vintage factor, months on books or age factor and at least one exogenous factor wherein steps (a) and (b) are performed by a processor.” There is nothing found in the claim language that mentions or suggest “disaggregation of the vintage performance data”. The reference can have either decomposing or breaking down the vintage performance data ... by origination date or vintage factor, months on books or age factor and at least one exogenous factor”. The reference does not need to have both “decomposing” and “breaking down the vintage performance data”. Further, the reference does not need to have by origination date, vintage factor, months on books, age factor, and exogenous factor. The reference only needs to have one these. The usage of the word “or” broadens the claim and the reference is only required to teach one of the elements and not all of the elements. Therefore, it is interpreted that Freeman does disclose “an origination date” in col. 3, lines 17 and 19 and “breaking down the vintage performance data” in col. 3, lines 31-42 and 58-64.

### ***Conclusion***

6. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Frankel (US 6,070,151) disclosed real estate mortgages and interest payments.

### ***Inquiries***


7. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ella Colbert whose telephone number is 571-272-6741.

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The examiner can normally be reached on Monday, Tuesday, and Thursday, 5:30AM-3:00PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

  
ELLA COLBERT  
PRIMARY EXAMINER

July 27, 2006